
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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COMMISSION REJECTS SOUTHERN'S RTO PROPOSAL, ENCOURAGES MOVE TOWARD A BROADER SOUTHEAST AREA RTO

The Federal Energy Regulatory Commission today rejected two key elements of Southern Company Services, Inc.'s proposed Regional Transmission Organization (RTO) and encouraged the company to explore joining neighboring utilities in an RTO for the Southeast. The Commission did not act on other issues raised by Southern.

Southern's proposal for a for-profit gridco (grid company) that would include only new wholesale transmission services and have the benefits of certain rate incentives going to others rather than the RTO operator are inconsistent with FERC's RTO policy, the Commission said. Under Southern's proposal, existing owners' transmission facilities related to bundled retail service or native load would not be under the gridco's control. As a result, the vast majority of total transmission load would not be under the RTO's tariff, operation or direction.

The RTO rule requires all transmission facilities operate under the transco. In addition, Southern could not plan, design and operate a regional grid in a manner that maximizes efficiency if the transco controlled only a small part of the RTO load, the Commission said in rejecting Southern's proposal.

In December 1999, the Commission issued Order No. 2000 which called on all transmission owners to join RTOs—umbrella organizations that bring all public utility transmission facilities in a region under common control--as a means of bringing the economic benefits of competition to the Nation's electric markets.

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As an alternative to filing a revised RTO proposal, the Commission asked that Southern consider joining neighboring utilities in an RTO in the Southeast. The Commission directed Southern to file a report by July 13, 2001, on progress in forming a Southeastern RTO.

Headquartered in Birmingham, Alabama, the Southern Company's operating public utilities are Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, and Savannah Electric and Power Company.

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